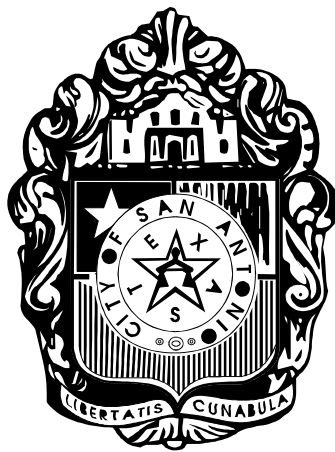


**CITY OF SAN ANTONIO, TEXAS**  
**Neighborhood Action Department**



**Houston Street Redevelopment Project**  
**Tax Increment Reinvestment Zone Nine**  
**FY 2005 Annual Report**

**Participation Levels of City (100%), Bexar County  
(100%), University Health System (60%), and Alamo  
Community College (100%)**

**December 31, 2005**

# **Houston Street Redevelopment Tax Increment Reinvestment Zone – Plan of Finance**

## **Introduction**

The proposed Houston Street Redevelopment project is located in the center of the downtown business district and will encompass approximately 0.9832 square miles. The proposed approximate boundaries stretch from a southernmost point of Crockett Street and extend north to Martin Street. The zone's western boundary is Soledad Street and Alamo Street to the east. The northernmost boundary extends to Martin Street. The proposed tax increment reinvestment zone ("TIRZ") will provide a source of funding for public improvements primarily along Houston Street. These public improvements are a significant part of a broader plan to revitalize and redevelop the commercial, retail and residential property along Houston Street and beyond.

The project includes the issuance of a certificate of obligation to fund approximately \$4,500,000 of improvements along Presa Street, \$750,000 for pedestrian linkage from the River Walk to the Historic Civic Center area, and \$400,000 of improvements along Crockett Street. In addition to the aforementioned public improvements, the Developer plans to fund \$4,800,000 for public improvements to include: \$1,600,000 for courtyard improvements, \$975,000 for the Houston Street bridge linkage, \$1,500,000 for facade preservation, \$600,000 for other public improvements, and \$100,000 for architect and engineering fees. Revenues produced from the tax increment reinvestment zone will be utilized to pay principal and interest on the certificates of obligation and the Developer loan.

The revitalization of Houston Street is founded in the development program of Federal Realty Investment Trust, an equity real estate investment trust ("REIT") traded on the New York Stock Exchange. Houston Street development will be done through Street Retail San Antonio, LP ("Developer"), a Delaware limited partnership, organized and existing under the laws of the State of Delaware. Street Retail San Antonio, LP is a wholly-owned affiliate of a Federal Realty Investment Trust.

## **Public Infrastructure**

The public infrastructure improvements and related capital costs include streetscaping, pedestrian/sidewalk expansions, River Walk access improvements, street improvements, construction of handicap-accessible elevators from street to River Walk, public courtyard development, and facade preservation. The total capital cost is estimated at \$10,325,000.

## **Plan of Finance**

The creation of the proposed TIRZ would provide a base value of \$223,511,790. Future taxable value increases within the TIRZ in tax year 1999 and beyond would provide incremental revenue beginning in Fiscal Year Ending September 30, 2001. The taxable value increases captured within the TIRZ vary by Participating Governmental Entities depending on exemptions and adjustments applicable to each. The tax revenue provided by the captured value will be used to pay principal and interest on the certificates of obligation and Developer loan.

The City of San Antonio intends to issue Certificates of Obligation in one or two installments over the next year to fund the improvements and certain costs of issuance. Through a contractual arrangement, TIRZ tax collection will be remitted to the City to meet debt service requirements. In addition to the debt service cost, other costs to be paid from the TIRZ revenue include certain City of San Antonio and/or Administrator fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority: (1) the administrative fees and other eligible costs incurred by the Governmental Entities participating in the TIRZ; (2) the payment of debt service requirements of certain obligations issued for the purpose of funding public improvements; (3) to reimburse Developer for liquidated damages payments plus accrued interest on the liquidated damages amount; and (4) the payment of the Developer's loan debt service requirements.

The taxing jurisdictions and tax rate per \$100 valuation utilized in the analysis include: City of San Antonio at \$0.578540; Bexar County at \$0.318471; University Health System at \$.1463214 and the Alamo Community College District at \$0.107050. Based on these assumptions, projected annual revenues of \$673,299 in fiscal year 2005 to \$1,518,164 in fiscal year 2014 are projected. No growth in tax rates is assumed. Growth of 2.80% in taxable value is assumed.

### **Limited Obligation of the City or Participating Governmental Entities**

The City and Participating Governmental Entities shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund and to submit the funds to the City of San Antonio as long as any debt obligation that funded the improvements remains outstanding. The TIRZ collections for this project shall not extend beyond September 30, 2014, and may be terminated prior to September 30, 2014, upon payment in full of its contractual obligations with the City of San Antonio, or for any other reason deemed appropriate by the City and the Participating Governmental Entities.

The contractual obligations of the TIRZ shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The contractual obligations incurred shall be payable solely from the TIRZ revenues and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

### **Inspection**

The City, Participating Governmental Entities or Administrator shall have the right to inspect the project site or sites.

### **Recommendation**

It is recommended that the City and Participating Governmental Entities proceed with the project, submit the plan of finance, create the mechanisms required to tax and collect TIRZ revenues and deposit such revenues into a TIRZ account. Such recommendation is conditioned on the acceptance of the plan of finance by the Participating Governmental Entities, at the approximate participation levels described in this Plan of Finance.

**City of San Antonio, Texas**  
**Houston Street Improvements - Tax Increment Financing Zone**

**Summary of Financial Analysis**

<b>Credit Rating (Certificates of Obligation)</b>	AA+
<b>Bond Insurance</b>	No
<b>Debt Structure</b>	Level with Balloon in 2014
<b>Dated Date</b>	12/01/00
<b>Estimated Interest Rate</b>	
Current Interest Bonds	5.28%
<b>Bond Issue Proceeds</b>	
Current Interest Bonds	\$ 6,415,000
Developer Loan	\$ 2,200,000
Grant Funds	\$ 1,500,000
<b>Capitalized Interest (net funded amount)</b>	\$ 601,800
<b>Approximate Amount Available for Project Cost</b>	\$ 10,115,834

**Additional Bond and TIF Statistics**

Maximum Annual Debt Service	\$ 627,725
Total Debt Service	\$ 10,337,358
Final Term of Debt	9/15/2020
Final Year of TIF	2014
Base Year TIF Value (1999) - City Only	\$ 223,511,790
Total Projected New Development - City Only	\$ 118,605,821
Projected Annual Value Appreciation	
Base Model Growth Factor	2.80%
Enhanced Growth Model	0.00%
Tax Year 2000 Growth	9.33%
Tax Year 2001 Growth	-2.77%
Tax Year 2002 Growth	-0.22%
Tax Year 2003 Growth	10.92%
Tax Year 2004 Growth	0.87%
Tax Year 2005 Growth	3.41%
Total Projected Taxable Value Increase Over Base Year - City Only	\$ 141,818,421
Total TIF Revenues	\$ 11,713,357

[illegible][illegible]

Notes:

- Historic exemptions - Majestic and Brady are 10 year exemptions that end in tax year 2002. Tax exemptions is at 50%. Both are fully taxable effective tax year 2003.
- Maveric APIs are tax exempt until tax year 2008. Currently at 100% exemption, but becomes 50% taxable effective tax year 2003/FY 2004.
- The Westin Hotel Garage is excluded per interlocal agreements with the County and UHS. Bexar County and UHS participation is limited to 9/20/12 per executed interlocal agreements.
- The SBC Bldg is taxable at \$7.5M only. Abatement agreements include the City, County and UHS only. The abatement expires in tax year 2004.
- Tax listing with accounts that count "exempt" in the place of a value per the county's determination that the property has no value.
- \$1,400 of the negative growth is attributed to decline in property value for 8 of the 10 Federal Realty properties.
- Bexar County and the Health District projected tax increments anticipates up to 3% discount to property owners that pay taxes in a timely manner.
- TIRZ fund interest rate adjustments provided by Finance.

[illegible]

## Houston Street Redevelopment - Tax Increment Financing Zone Participation

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
San Antonio	0.5785400	100%	0.5785400	53.59%	\$ 6,632,409	\$ 7,415,573
Bexar County	0.3184710	100%	0.3184710	26.68%	3,302,482	3,692,444
University Health System	0.2438690	60%	0.1463214	12.08%	1,494,430	1,670,895
Alamo CCD	0.1070500	100%	0.1070500	7.65%	946,735	1,058,527
TOTAL	1.2479300		1.1503824	100.00%	\$ 12,376,056	\$ 13,837,438

**Federal Realty**  
**Projected Property Improvement Value**

<b>Tax Year</b>	<b>Frost Brothers Building</b>	<b>Josephs Building</b>	<b>Harvey House</b>	<b>Vogue Building</b>	<b>Kress Building</b>	<b>East Hotel Site</b>	<b>Stuarts Building</b>	<b>Walgreen Building</b>	<b>Valencia Hotel</b>	<b>Carl Courtyard</b>	<b>South Texas Building</b>	<b>Neisner Building</b>	<b>Alamo Natl. Bank</b>	<b>Annual Total</b>	<b>Fiscal Year</b>
1999														0	2,000
2000	1,063,400	611,000	1,661,600	400,000	2,066,000	1,500,900	359,700	414,000	1,409,400	78,000	0			9,564,000	2,001
2001				283,300	84,000			30,000	245,300					642,600	2,002
2002	(558,000)	(291,000)	(500,000)	(349,100)	(1,331,000)	(965,200)	(70,600)	(288,500)	6,958,500	(51,900)				2,553,200	2,003
2003	5,450,797	2,643,235	4,038,301	2,079,698			3,436,442			1,270,264				18,918,737	2,004
2004						0			2,220,720					2,220,720	2,005
2005														0	2,006
2006														0	2,007
2007														0	2,008
2008														0	2,009
	5,956,197	2,963,235	5,199,901	2,413,898	819,000	535,700	3,725,542	155,500	10,833,920	1,296,364	0			33,899,257	

Note: Bayous Restaurant projected property improvement removed from project - Federal Realty did not buy the property per Jane Macon/Albert Garza telephone conversation Oct 29, 2001.



**Houston Street Redevelopment - TIF Reinvestment Zone**  
**Reimbursement for Public Improvements**

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues	Developer Debt Service Shortfall	(1) Debt Service Pub. Imp. Infrastructure	Capitalized Interest	San Antonio Admin. Exp.	(2) Developer Construction Funding	Payment to Developer	Interest on Deficit @ 10.00000%	Developer Balance	TIF Fund Interest Rate	TIF Fund Interest Earnings	TIF Fund Balance
15-Sep-00	2000				-	50,000							(50,000)
15-Sep-01	2001	206,166	206,166	265,390	265,390	0	0		0.00	0.00			156,166
15-Sep-02	2002	134,388	340,554	336,410	336,410	0	(1,700,000)		(170,000.00)	(1,870,000.00)	2.57%	4,017	294,571
15-Sep-03	2003	92,405	432,959	336,410		0	(500,000)		(237,000.00)	(2,607,000.00)	1.30%	3,822	54,388
15-Sep-04	2004	452,841	885,799	441,410		0			(260,700.00)	(2,867,700.00)	1.09%	593	66,412
15-Sep-05	2005	673,299	1,559,098	576,160		0			(286,770.00)	(3,154,470.00)	2.63%	1,746	165,297
15-Sep-06	2006	764,515	2,323,614	578,910		0			(315,447.00)	(3,469,917.00)	3.63%	5,992	356,894
15-Sep-07	2007	844,742	3,168,355	580,910		0			(346,991.70)	(3,816,908.70)	3.70%	13,205	633,931
15-Sep-08	2008	932,386	4,100,741	587,160		0			(381,690.87)	(4,198,599.57)	3.70%	23,455	1,002,612
15-Sep-09	2009	1,028,389	5,129,130	587,410		0		-	(419,859.96)	(4,618,459.53)	3.70%	37,097	1,480,688
15-Sep-10	2010	1,121,010	6,250,140	591,135		0		-	(461,845.95)	(5,080,305.48)	3.70%	54,785	2,065,348
15-Sep-11	2011	1,216,224	7,466,364	588,810		0		-	(508,030.55)	(5,588,336.03)	3.70%	76,418	2,769,180
15-Sep-12	2012	1,314,104	8,780,468	595,698		0		-	(558,833.60)	(6,147,169.63)	3.70%	102,460	3,590,046
15-Sep-13	2013	1,414,725	10,195,193	606,273		0		-	(614,716.96)	(6,761,886.59)	3.70%	132,832	4,531,331
15-Sep-14	2014	1,518,164	11,713,357	3,665,273		0		2,551,881	(676,188.66)	(4,886,194.75)	3.70%	167,659	0
15-Sep-15	2015												
15-Sep-16	2016												
15-Sep-17	2017												
15-Sep-18	2018												
15-Sep-19	2019												
15-Sep-20	2020												
		<b>\$ 11,713,357</b>		<b>\$ -</b>	<b>\$ 10,337,358</b>	<b>\$ 601,800</b>	<b>\$ 50,000</b>	<b>\$ (2,200,000)</b>	<b>\$ 2,551,881</b>	<b>\$ (5,238,075)</b>		<b>\$ 624,081</b>	

(1) First interest payment net of accrued interest.

(2) Developer loan decreased by \$1,075,000: \$975,000 for the Houston St. Bridge linkage is reimbursed from UDAF; Majestic Courtyard expenses decreased from \$1,600,000 to \$1,500,000.

**Houston Street Redevelopment - TIF Reinvestment Zone**  
**Projected Tax Increment Revenue**

**Debt Service Shortfall**

Tax Increments	Taxing Entities Admin. Exp.	Payment Date	10 Year Debt Service Amortization Schedule				TIRZ Fund		Cost of Issuance Difference To Developer	Developer Allocated TIRZ Fund Balance	Developer Debt Service Shortfall	Developer Debt Service Shortfall Payment	Developer Debt Service Shortfall Cumulative	Debt Service Payments
			Principal Due	5.28% Interest Due	Semi-annual Debt Service	Annual Debt Service	Annual Collections Allocable to Developer	Debt Service Allocable to Developer						
-	50,000	09/03/00	-	-	-	-	-	-	-	-	-	-	-	-
206,166	-	03/15/01	-	97,185	97,185	-	122,920.71	-	-	-	-	-	-	-
-	-	09/15/01	-	168,205	168,205	265,390	-	-	-	-	-	-	-	-
134,388	-	03/15/02	-	168,205	168,205	-	105,778.60	-	-	-	-	-	-	-
-	-	09/15/02	-	168,205	168,205	336,410	-	-	-	-	-	-	-	-
92,405	-	03/15/03	-	169,228	169,228	-	72,733.24	133,201.70	12,069.92	180,300.78	-	-	-	168,205
-	-	09/15/03	660,000	169,228	829,228	998,455	-	652,697.75	-	-	(472,397)	472,397	0	168,205
452,841	-	03/15/04	-	151,817	151,817	-	356,437.89	119,497.39	-	236,940.49	-	-	-	168,205
-	-	09/15/04	700,000	151,817	851,817	1,003,634	-	670,478.05	-	-	(433,538)	433,538	0	273,205
673,299	-	03/15/05	-	133,351	133,351	-	529,963.94	104,962.52	-	425,001.42	-	-	-	165,580
-	-	09/15/05	735,000	133,351	868,351	1,001,702	-	683,492.21	-	-	(258,491)	258,491	0	410,580
764,515	-	03/15/06	-	113,962	113,962	-	601,761.41	89,700.91	-	512,060.50	-	-	-	159,455
-	-	09/15/06	775,000	113,962	888,962	1,002,923	-	699,715.21	-	-	(187,655)	-	(187,655)	419,455
844,742	-	03/15/07	-	93,517	93,517	-	664,909.15	73,608.73	-	591,300.41	-	-	-	152,955
-	-	09/15/07	815,000	93,517	908,517	1,002,034	-	715,107.64	-	-	(123,807)	-	(123,807)	427,955
932,386	-	03/15/08	-	72,017	72,017	-	733,895.16	56,685.99	-	677,209.17	-	-	-	146,080
-	-	09/15/08	860,000	72,017	932,017	1,004,035	-	733,605.08	-	-	(56,396)	-	(56,396)	441,080
1,028,389	-	03/15/09	-	49,331	49,331	-	809,460.51	38,828.87	-	770,631.64	-	-	-	138,705
-	-	09/15/09	910,000	49,331	959,331	1,008,661	-	755,103.72	-	-	15,528	-	15,528	448,705
1,121,010	-	03/15/10	-	25,325	25,325	-	882,363.83	19,933.54	-	862,430.29	-	-	-	130,568
-	-	09/15/10	960,000	25,325	985,325	1,010,650	-	775,564.15	-	-	86,866	-	86,866	460,568
1,216,224	-	03/15/11	-	-	-	-	-	-	-	-	-	-	-	121,905
-	-	09/15/11	-	-	-	-	-	-	-	-	-	-	-	466,905
1,314,104	-	03/15/12	-	-	-	-	-	-	-	-	-	-	-	4,362,849
-	-	09/15/12	-	-	-	-	-	-	-	-	-	-	-	-
1,414,725	-	03/15/13	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/13	-	-	-	-	-	-	-	-	-	-	-	-
1,518,164	-	03/15/14	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/14	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/15	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/15	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/16	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/16	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/17	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/17	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/18	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/18	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/19	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/19	-	-	-	-	-	-	-	-	-	-	-	-
-	-	03/15/20	-	-	-	-	-	-	-	-	-	-	-	-
-	-	09/15/20	-	-	-	-	-	-	-	-	-	-	-	-
11,713,357	50,000		6,415,000	2,218,894	8,633,894	8,633,894	4,880,224	6,322,183	12,070	4,255,875	(1,429,889)		(1,516,755.25)	9,231,163.75

Notes:

- Actual cost of issuance as of 9/30/02 is \$72,597.63. The difference between the estimate and actual is \$15,334.37. The Developer's debt service shortfall for 2003 will be adjusted by .7871152 of the \$15,334.37. The balance will be applied to CoSA debt service requirement.

- Houston St. TIRZ is not to be assessed routine administrative fees; however, taxing entity fees for TIRZ startup are to be set aside pending receipt of invoices. TIRZ revenues equal tax increments collected less the TIRZ start up fee.

## Houston Street Redevelopment - TIF Reinvestment Zone

### Projected Tax Increment Revenue

Date	Principal and Interest Requirements				Annual Debt Service
	Principal	Interest Rate	Interest	Semi-annual Debt Service	
	-			-	
12/01/00	-			-	
03/15/01	-		97,185.11	97,185.11	
09/15/01	-		168,205.00	168,205.00	265,390.11
03/15/02	-		168,205.00	168,205.00	
09/15/02	-		168,205.00	168,205.00	336,410.00
03/15/03	-		168,205.00	168,205.00	
09/15/03	-		168,205.00	168,205.00	336,410.00
03/15/04	-		168,205.00	168,205.00	
09/15/04	105,000	5.00%	168,205.00	273,205.00	441,410.00
03/15/05	0		165,580.00	165,580.00	
09/15/05	245,000	5.00%	165,580.00	410,580.00	576,160.00
03/15/06	0		159,455.00	159,455.00	
09/15/06	260,000	5.00%	159,455.00	419,455.00	578,910.00
03/15/07	0		152,955.00	152,955.00	
09/15/07	275,000	5.00%	152,955.00	427,955.00	580,910.00
03/15/08	0		146,080.00	146,080.00	
09/15/08	295,000	5.00%	146,080.00	441,080.00	587,160.00
03/15/09	0		138,705.00	138,705.00	
09/15/09	310,000	5.25%	138,705.00	448,705.00	587,410.00
03/15/10	0		130,567.50	130,567.50	
09/15/10	330,000	5.25%	130,567.50	460,567.50	591,135.00
03/15/11	-		121,905.00	121,905.00	
09/15/11	345,000	5.25%	121,905.00	466,905.00	588,810.00
03/15/12	-		112,848.75	112,848.75	
09/15/12	370,000	5.25%	112,848.75	482,848.75	595,697.50
03/15/13	-		103,136.25	103,136.25	
09/15/13	400,000	5.25%	103,136.25	503,136.25	606,272.50
03/15/14	-		92,636.25	92,636.25	
09/15/14	420,000	5.25%	92,636.25	512,636.25	605,272.50
03/15/15	-		81,611.25	81,611.25	
09/15/15	440,000	5.25%	81,611.25	521,611.25	603,222.50
03/15/16	-		70,061.25	70,061.25	
09/15/16	465,000	5.25%	70,061.25	535,061.25	605,122.50
03/15/17	-		57,855.00	57,855.00	
09/15/17	490,000	5.25%	57,855.00	547,855.00	605,710.00
03/15/18	-		44,992.50	44,992.50	
09/15/18	520,000	5.30%	44,992.50	564,992.50	609,985.00
03/15/19	-		31,212.50	31,212.50	
09/15/19	550,000	5.40%	31,212.50	581,212.50	612,425.00
03/15/20	-		16,362.50	16,362.50	
09/15/20	595,000	5.50%	16,362.50	611,362.50	627,725.00
03/15/21	-		0.00	-	
09/15/21	-		0.00	-	0.00
03/15/22	-		0.00	-	
09/15/22	-		0.00	-	0.00
03/15/23	-		0.00	-	
09/15/23	-		0.00	-	0.00
03/15/24	-		0.00	-	
09/15/24	-		0.00	-	0.00
03/15/25	-		0.00	-	
09/15/25	-		0.00	-	0.00
03/15/26	-		0.00	-	
09/15/26	-		0.00	-	0.00
03/15/27	-		0.00	-	
	<u>6,415,000.00</u>		<u>4,526,547.61</u>	<u>10,941,547.61</u>	<u>10,941,547.61</u>